

Message Text

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E.O. 11652: N/A
TAGS: PINT, GW
SUBJECT: CHANCELLOR SCHMIDT INTERVIEW WITH DER SPIEGEL

1. IN ITS JANUARY 16 ISSUE, THE WEEKLY MAGAZINE DER SPIEGEL CARRIES AN INTERVIEW WITH CHANCELLOR HELMUT SCHMIDT COVERING A RANGE OF ISSUES FOR 1978: E.G., DETENTE AND OSTPOLITIK (INCLUDING INNER-GERMAN RELATIONS), THE FOUR STATE ELECTIONS, PROBLEMS OF THE ECONOMY, THE PENSIONS FUND, AND LABOR-MANAGEMENT RELATIONS. THE CONTENT OF THIS INTERVIEW SUGGESTS THAT THE CHANCELLOR

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DID NOT WANT TO SCOOP THE GOVERNMENT DECLARATION WHICH HE WILL READ IN THE BUNDESTAG ON JANUARY 19. THE FOLLOWING PARAGRAPHS SUMMARIZE THE MAIN POINTS WHICH HE MADE.

2. DETENTE AND OSTPOLITIK. IN RESPONSE TO QUESTIONS ABOUT THE FUTURE OF INNER-GERMAN RELATIONS IN LIGHT OF OFFICIAL GDR REACTION TO PUBLICATION OF THE OPPOSITION

"MANIFESTO," SCHMIDT OPINED THAT THE GDR WANTS TO CONTINUE DEVELOPING ITS RELATIONS WITH THE FEDERAL REPUBLIC IN THE CONTEXT OF INTERNATIONAL DETENTE. HE DECLARED THAT BONN HAD HAD NOTHING TO DO WITH THE "MANIFESTO," AND HE REFUSED COMMENT ON ITS ORIGIN OR AUTHENTICITY. WITH RESPECT TO EAST BERLIN'S CLOSURE OF THE SPIEGEL BURO, SCHMIDT STRESSED THAT BONN HAD LODGED A FORMAL PROTEST BUT THAT IT WILL NOT FOLLOW AN EYE-FOR-AN-EYE POLICY, FOR THE SAKE OF FREEDOM OF THE PRESS AND OUT OF RESPECT FOR REQUIREMENTS OF THE FRG CONSTITUTION.

A. ASKED ABOUT THE LIMITS OF DETENTE FOR THE GDR, AND WHETHER A GROWING ECONOMIC DEPENDENCE ON THE WEST CREATES INSTABILITY IN EAST GERMANY, SCHMIDT REPLIED THAT ALL EAST EUROPEAN STATES HAVE GROWING ECONOMIC TIES WITH THE WEST AND HE DECLINED TO COMMENT SPECIFICALLY ON THE GDR SITUATION.

B. MEETING WITH HONECKER. THE CHANCELLOR DID NOT RULE OUT THE POSSIBILITY THAT HE WOULD MEET WITH HONECKER THIS YEAR. HOWEVER, HE SAID THAT NO DATE HAD BEEN SET AND THAT SUCH A MEETING MAKES SENSE ONLY IF IT PROMISES RESULTS WHICH TRANSCEND MATTERS SUCH AS VETERINARY ACCORDS AND AUTOBAHN EXPANSION.

C. BREZHNEV VISIT. CONTRARY TO WHAT HE HAD SAID WITH RESPECT TO HONECKER, SCHMIDT SPOKE OF A "PENDING VISIT" BY BREZHNEV WHICH WOULD YIELD FURTHER PROGRESS. HE DECLINED TO GIVE SPECIFICS, BUT HE NOTED THAT SUCH LIMITED OFFICIAL USE

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SUMMITS HAVE VALUE PER SE BY REITERATING THE COMMITMENT OF BOTH SIDES TO A CONTINUATION OF DETENTE POLICY.

3. 1978 STATE ELECTIONS. SCHMIDT DOUBTED THAT FRG VOTERS BELIEVE THAT THE CDU/CSU HAS BETTER ANSWERS TO THE PROBLEMS OF UNEMPLOYMENT, THE PENSIONS FUND, AND TERRORISM. TO THE CONTRARY, HE ASSERTED THAT TERRORISM WOULD NOT HARM THE FORTUNES OF THE FDP AND THE SPD IN THE 1978 STATE CONTESTS. SCHMIDT CRITICIZED THE CDU/CSU TENDENCY TO SEEK THE SOLUTION FOR TERRORISM IN THE PASSAGE OF NEW LAWS.

A. THE CHANCELLOR SAID THAT THE ELECTION IN LOWER SAXONY WILL BE THE MOST INTERESTING ONE, FOR TWO REASONS: WHETHER THE VOTERS CONFIRM THE PRESENT CDU/FDP COALITION, AND HOW WELL THE FDP DOES. HE PREDICTED THAT KARL RAVENS WILL LEAD THE SPD TO A BETTER RESULT THAN IN 1974. IN HESSE, SCHMIDT WAS CONFIDENT THAT THE PRESENT SPD/FDP COALITION WILL WIN THE OCTOBER ELECTION. IN HAMBURG, HE EXPECTED THAT THE SPD WILL ACHIEVE A "CLEARLY BETTER RESULT" BUT HE WAS UNSURE THAT ITS FDP PARTNER WOULD DO THE SAME. ONLY IN THE CASE OF BAVARIA DID SCHMIDT CONCEDE THAT THINGS ARE "DIFFICULT."

B. THE CHANCELLOR REJECTED THE IDEA THAT A CDU VICTORY IN BOTH HESSE AND LOWER SAXONY, GIVING THE OPPOSITION A TWO-THIRDS CONTROL OF THE BUNDESRAT, WOULD BRING DOWN HIS GOVERNMENT.

C. HE ALSO POOH-POOHED THE RECENT "OFFER" BY CSU CHAIRMAN STRAUSS TO HELP HIS GOVERNMENT PASS VITAL LEGISLATION IN CERTAIN AREAS. SCHMIDT IMPLIED THAT STRAUSS

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HAD MADE THIS OFFER IN BAD FAITH; HE SUGGESTED THAT THE BAVARIAN WOULD VOTE EVEN AGAINST TAXES FOR THE CHURCH IF HE COULD THEREBY DAMAGE THE SOCIAL-LIBERAL COALITION IN BONN.

4. WORLD ECONOMY. SEVERAL TIMES SCHMIDT NOTED THE

INTERDEPENDENCE OF THE MAJOR INDUSTRIAL ECONOMIES, WHOSE PROBLEMS (E.G., GROWTH, UNEMPLOYMENT), HE SAID, CAN ONLY BE SOLVED BY JOINT EFFORT. HE NOTED LIMITED OFFICIAL USE

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THAT HE HAD HAD EXTENSIVE EXCHANGES WITH PRESIDENT CARTER IN DECEMBER ON WORLD CURRENCY DEVELOPMENTS WHICH THREATEN THE ECONOMIES OF A NUMBER OF STATES, INCLUDING THE FRG. IN THIS CONNECTION SCHMIDT CITED VARIOUS MEASURES WHICH THE USG HAD TAKEN, NOTING THAT THE DOLLAR IS NOW HIGHER THAN IT WAS IN DECEMBER. HE DISCERNED A "CHANGE IN THE PURPOSE...OF AMERICAN CURRENCY POLICY...WHICH WE WELCOME VERY MUCH."

5. OLD AGE PENSION FUNDING PROBLEM. THE CHANCELLOR WAS BOTH GENERAL AND DEFENSIVE IN HIS DISCUSSION OF THE PENSION SITUATION. HE ATTRIBUTED A LARGE PART OF THE PROBLEM TO FAULTY ECONOMIC FORECASTING WHICH IN THE CASE OF A NUMBER OF RESEARCH INSTITUTES AND PRIVATE ECONOMISTS PERSISTED UNTIL AS LATE AS MAY 1977. WHEN QUESTIONED ABOUT RECENT REPORTS THAT THE FUND MAY BE IN A DEFICIT OF DM 25 TO DM 28 BILLION BY 1982, SCHMIDT REPLIED THAT THE FUNDING SITUATION MAY BE MORE FAVORABLE NEXT YEAR. HE THEN CITED THE EXPERIENCE OF FORMER LABOR MINISTER KATZER (CDU), WHO IN 1967 STRONGLY URGED SUBSTANTIAL INCREASES IN CONTRIBUTIONS TO PROTECT THE LONG-TERM FINANCIAL INTEGRITY OF THE FUND AND BY 1972 WAS ADVOCATING A DOWNWARD ADJUSTMENT TO ACCOMMODATE AN UNEXPECTED ACCUMULATION OF FINANCIAL RESERVES. SCHMIDT CITED DEFICIENCIES IN THE 20-YEAR-OLD PENSION REFORM LAW WHICH SHOULD BE CORRECTED - E.G., THE REQUIREMENT TO MAKE PUBLIC PRESENTATIONS OF FINANCIAL COMPUTATIONS 15 YEARS IN ADVANCE. HOWEVER, HE STRESSED THAT THE GOVERNMENT HAD NO INTENTION OF ABANDONING THE PRESENT LAW AND POINTED OUT THAT PENSIONERS DURING THE LAST 20 YEARS HAVE NEVER RECEIVED A HIGHER LEVEL OF REAL INCOME THAN AT PRESENT. HE ADDED THAT NO ONE SHOULD BE CONCERNED THAT THIS CONDITION WILL CHANGE. THE CHANCELLOR SAID THAT THE LIMITED OFFICIAL USE

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GOVERNMENT WILL MAKE THE NECESSARY ADJUSTMENTS AFTER THE ANNUAL ECONOMIC REPORT WHICH IS DUE BY THE END OF JANUARY. -

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6. LABOR-MANAGEMENT RELATIONS

A. CONCERTED ACTION. SCHMIDT DENIED THAT HIS GOVERNMENT HAD ABANDONED "CONCERTED ACTION" AND STRESSED THAT THE TERM WAS A MISNOMER THAT HE AVOIDS USING. HE SAID THAT THE ECONOMIC STABILITY LAW PROVIDES FOR ECONOMIC DATA TO BE PRESENTED TO THE PARTICIPANTS IN COLLECTIVE BARGAINING AND TO OTHER INTERESTED PARTIES. SCHMIDT SAID THAT THERE HAD NEVER BEEN ANY ATTEMPT BY THE

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GOVERNMENT TO INFLUENCE COLLECTIVE BARGAINING AND WOULD NOT BE IN THE FUTURE. HE WAS UNCERTAIN WHETHER OR NOT THE INFORMATION PROVIDED IN THE FUTURE UNDER THE ACT WOULD BE GIVEN TO THE SAME GROUP OF PERSONS UNDER THE SAME FORMAT AS HAD BEEN THE PRACTICE FOR THE PAST TEN YEARS.

COMMENT: THE UNIONS HAVE REFUSED SINCE LAST SUMMER TO PARTICIPATE IN "CONCERTED ACTION" DISCUSSIONS BECAUSE OF LIMITED OFFICIAL USE

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THE EMPLOYERS COURT CHALLENGE TO THE CODETERMINATION LAW. THE CHANCELLOR WOULD LIKE TO HAVE THEM RETURN TO MULTI-PARTY DISCUSSIONS WHICH THEY WOULD PROBABLY DO IF THEY COULD AVOID THE APPEARANCE OF BACKING DOWN IN THEIR RESOLVE NOT TO RETURN TO "CONCERTED ACTION" SO LONG AS THE EMPLOYERS PERSISTED IN THEIR SUIT. SCHMIDT OPENED THE DOOR SLIGHTLY FOR THEM.

B. EMPLOYERS SUIT AGAINST THE CODETERMINATION LAW. SCHMIDT REITERATED HIS VIEW THAT, ALTHOUGH THE EMPLOYERS' SUIT WAS LEGALLY PERMISSIBLE, IT WAS POLITICALLY UNWISE. SCHMIDT FELT THAT IT WAS UNNECESSARY FOR A HOST OF PROMINENT GERMAN FIRMS WITH WORLD REPUTATIONS AND MAJOR EMPLOYER ASSOCIATIONS TO HAVE INSTITUTED THE SUIT, WHICH IN EFFECT IMPUGNS THE INTEGRITY OF THE OVERWHELMING MAJORITY OF THE BUNDESTAG WHICH VOTED FOR THE LAW. HE THOUGHT THAT A LEGITIMATE CONSTITUTIONAL EXAMINATION COULD HAVE BEEN UNDERTAKEN WITH LESS ABRASIVENESS AND FEWER COMPLAINANTS. IN ANY CASE, HE DOUBTED THAT THE FEDERAL CONSTITUTIONAL COURT WILL FIND THE COMPLAINT JUSTIFIED.

COMMENT: THE CHANCELLOR HAS FREQUENTLY EXPRESSED HIS ANNOYANCE WITH THE EMPLOYERS FOR HAVING FILED THIS SUIT. HE CONSIDERS IT AN UNNECESSARY IRRITANT INJECTED INTO THE LABOR-MANAGEMENT ARENA AT A CRITICAL POINT IN THE ECONOMIC LIFE OF THE FRG.
STOESSEL

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